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Form 10-Q

92-2239.11

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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(Mark One)

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

or

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From _____ to _____

PROCESSED BY
MAY 15 1992

Commission File Number 0-16240

OTRA SECURITIES GROUP, INC.
(Exact name of registrant as specified in

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

UTAH 95-40
(State or other jurisdiction (I.R.S Employer Identification No.)
incorporation or organization)

North Maryland, St. L.L.
Glendale, California 91206
(Address of principle executive offices) (Zip Code)

Registrant's telephone number including area code: (818) 502-1555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as May 11, 1992:

Common Stock, $0.01 par value 3,706,122
Class Number of Shares

BEST COPY
AVAILABLE

OTRA SECURITIES GROUP, INC.

Item 1. Financial Statements:

SEE ATTACHED EXHIBITS (Exhibit No. 1) Page 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation:

Comparison of Quarterly Reports. The results of operations for the Company and its subsidiaries, on a consolidated basis, reflect an increase in total revenues of $1,269,819 and income before taxes of $110,942, which equates to a 102.2% increase in income to the Company.

The changes in gross revenue and net income continue to demonstrate Management's efforts to diversify the overall income sources of the Company. The most significant increase in revenue is the $639,204 (239.7%) increase in equity trading profits, followed by an increase in commissions of $334,695 (682.3%). The retail market activity of OTRA Clearing, Inc.'s Investor Service Division, Reynolds Kendrick Stratton, was a substantial contributor to the increased revenues and profits.

In addition, the business valuation subsidiaries produced very healthy increased gross revenues during the first quarter. Revenues for the period from this segment increased by $108,813 or 52.5% over the first quarter of 1991.

Total revenues increased by 49.9% over the first quarter of 1991 and expenses increased by $1,080,077 (45.3%). The most significant increase is compensation of $516,354 (50.7%), of this $264,014 consisted of commission expense directly related to the gross commissions generated through equity trading and investor services.

Professional fees increased by $183,868 (263.1%) and other expenses increased by $205,069 (210.2%) over the first quarter of 1991. The significant increase in professional fees reflects, in part, the expenditure of time and effort which have resulted in the successful settlement of certain outstanding claims and collection of portions of judgements in others. Additionally, increases in the occupancy expenses the costs associated with the opening of Reynolds Kendrick Stratton Investor Services in San Francisco are included in the expense total.

Even with the increased activity and associated expenses, as stated, the net income before taxes for the first quarter of 1992 was $353,449 compared to $163,707 for the first quarter in 1991. This overall revenue represents a 115.9% increase in profitability for the respective quarters.

Recent Expansions and Developments. During chis quarter, Management has continued its preparations for the relocation of its main operations and those of OCI and Oxford to Beverly Hills, California. The relocation should be completed in October 1992. The new location

will also house an investors services office of Reynolds Kendrick Stratton Investor Services, providing an additional profit center for the Company. Additionally, the Company completed the acquisition of another business valuation subsidiary, Houlihan Valuation Advisors of Kansas City. This acquisition provides the Company with an increased geographic presence and added potential revenue sources.

Capital Expenditures. At present, the Company does not have plans for additional capital expenditures beyond those previously discussed in the 10-K filed for fiscal year 1991. As mentioned above and reported in the 10-K, the Company is in the process or relocating its offices. As part of this process, the Company will expend capital for office furniture, fixtures and equipment, and moving expenses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings:

In the ordinary course of the securities business, the Company and OCI have been named as Defendants in several lawsuits and arbitration matters and have instituted legal proceedings as Plaintiffs to recover monies owing in several other lawsuits. Such suits and arbitration matters have arisen in the ordinary course of business and need not be addressed more specifically herein. All actions which have not arisen in the ordinary course of business, or which may have an significant impact on the Company and which have not been previously discussed are discussed below: NONE

Burns vs. Richfield Securities Inc., et al.
Civil No. 89C-10106 -- This matter has been settled by all parties on terms very favorable to the Company.

Item 6. Exhibits and Reports on Form 8-K:

(a) FURNISH EXHIBITS REQUIRED BY ITEM 601 - REG. S-K

All required Exhibits have been previously filed with the SEC and each is incorporated herein by this reference; there are no additional Exhibits which are required to be filed at this time.

(b) REPORTS ON FORM 8-K. STATE WHETHER ANY REPORTS ON FORM 8-K HAVE BEEN FILED DURING THE QUARTER FOR WHICH THIS REPORT IS FILED, LISTING THE ITEMS REPORTED, ANY FINANCIAL STATEMENTS FILED, AND THE DATE OF ANY SUCH REPORTS.

Form 8-K filed: NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OTRA SECURITIES GROUP, INC.

May 13, 1992

WILLIAM R. STRATTON, PRESIDENT

May 13, 1992

WAYNE H. HELDT, SECRETARY/TREASURER

May 13, 1992

J. GARRY McALLISTER
ASSISTANT SECRETARY/LEGAL COUNSEL

INDEX TO 10-Q REPORT

Exhibit No.	Description	Pages
1	Part I - Financial Information, Item 1. Financial Statements and Notes Thereto	6 thru 11

PART I ITEM 1 FINANCIAL STATEMENTS

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

DECEMBER 31, 1991 AND MARCH 31, 1992

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION AS OF	DECEMBER 31 1991	MARCH 31 1992 (unaudited)
ASSETS		
CASH AND CASH EQUIVALENTS (Including cash segregated for the exclusive benefit of customers of $848,294 and $3,010,847 respectively)	$ 1,689,737	$ 3,320,022
RECEIVABLE FROM BROKERS, DEALERS AND CLEARING ORGANIZATIONS	3,609,433	3,601,708
RECEIVABLE FROM CUSTOMERS (Net of allowance for doubtful accounts of $512,587 and $542,116 in 1991 and 1992, respectively)	10,065,077	13,225,774
OTHER TRADE RECEIVABLES	412,753	502,761
OTHER RECEIVABLES	1,396,159	1,454,435
SECURITIES OWNED -- At Market Value	1,684,303	1,434,074
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS (At cost - less accumulated depreciation and amortization of $885,300 and $971,054 in 1991 and 1992, respectively)	624,829	662,139
OTHER ASSETS	527,163	573,909
TOTAL ASSETS	$19,809,454	$24,774,822

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

DECEMBER 31, 1991 AND MARCH 31, 1992

LIABILITIES

LIABILITIES AND STOCKHOLDERS' EQUITY	DECEMBER 31 1991 (unaudited)	MARCH 31 1992
PAYABLE TO BROKERS OR DEALERS AND CLEARING ORGANIZATIONS	$ 3,311,688	$ 4,143,709
PAYABLE TO CUSTOMERS	7,982,508	11,375,450
SECURITIES SOLD NOT YET PURCHASED - At Market Value	146,971	94,817
INCOME TAXES PAYABLE	996,448	1,037,248
DEFERRED TAXES	18,060	18,000
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	937,205	1,310,618
NOTES PAYABLE (INCLUDING CAPITAL LEASE OBLIGATIONS PAYABLE)	1,114,306	1,244,245
COMMITMENTS AND CONTINGENT LIABILITIES (See Note _)		
TOTAL LIABILITIES	14,506,818	19,232,087
STOCKHOLDERS' EQUITY:		
Common stock ($.01 par value 100,000,000 shares authorized, 3,593,732 and 3,603,372 shares issued at December 31, 1991 and at March 31, 1992)	35,937	36,034
Additional paid-in capital	4,285,375	4,305,926
Retained Earnings (Deficit)	981,326	1,200,775
TOTAL STOCKHOLDERS' EQUITY	5,302,638	5,542,735
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$19,809,456	$24,774,822

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 1991 AND 1992

CONSOLIDATED STATEMENTS OF OPERATIONS	MARCH 31 1991 (unaudited)	MARCH 31 1992 (unaudited)
REVENUES:		
Clearing and execution	$ 1,728,775	1,811,585
Maintenance fee	-	-
Equity Trading Profits	266,633	905,837
Commissions	49,052	383,747
Interest	130,885	184,007
Other	370,049	530,037
Total Revenues	2,545,394	3,815,213
EXPENSES:		
Employee compensation	1,018,217	1,534,571
Clearing and floor brokerage	271,945	216,609
Communications	327,366	442,091
Occupancy	188,075	275,403
Interest	15,823	26,296
Data processing charges	228,860	258,057
Professional services	69,889	253,757
Promotional	125,097	126,560
Bad debt	38,856	25,700
Other operating expenses	97,561	302,630
Total Expenses	2,381,687	3,461,764
INCOME (LOSS) BEFORE INCOME TAXES	163,707	353,449
INCOME TAX PROVISION	55,200	134,000
NET INCOME	$ 108,507	219,449
NET INCOME (LOSS) PER SHARE	$ .031	$ .058
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON AND COMMON STOCK EQUIVALENTS	3,513,311	3,751,274

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE MONTHS ENDED MARCH 31, 1991 AND 1992

	MARCH 31, 1991 (unaudited)	MARCH 31, 1992 (unaudited)
Cash flows from operating activities:		
Net income	$ 108,507	$ 219,449
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Depreciation	67,848	77,185
Provision for Losses	285,000	-
Changes in assets and liabilities:		
Receivables from brokers or dealers and clearing organizations	(586,760)	7,725
Receivables from customers	(1,268,854)	(3,160,697)
Other trade receivables	(91,833)	(90,008)
Other receivables	88,429	(58,276)
Securities owned	(123,427)	250,229
Other assets	(17,582)	(46,744)
Payable to brokers or dealers and clearing organizations	684,258	832,221
Payable to customers	492,510	3,292,950
Securities sold not yet purchased	49,950	(52,154)
Accounts payable and accrued liabilities	(16,385)	381,413
Income taxes payable	(210,486)	40,800
Net cash provided by (used for) operating activities	(528,825)	1,794,093
Cash flows from investing activities -		
Capital expenditures	(49,961)	(114,495)
Cash flows from financing activities:		
Short term borrowings	-	200,000
Payments and current maturities on notes payable	(4,364)	(69,961)
Issuance of common stock and contribution of capital	7,650	20,648
Net cash provided by (used for) operating activities	3,286	150,687
Net increase in cash and cash equivalents	(575,402)	1,830,285
Cash and cash equivalents at beginning of year	4,090,630	1,489,737
Cash and cash equivalents at end of period	$3,515,228	$3,320,022

See accompanying notes to consolidated financial statements.

OTRA SECURITIES GROUP, INC. & CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 1992

NOTE 1. Company's Quarterly Report Under Form 10-Q -- First Quarter.

The accompanying financial information should be read in conjunction with the Company's 1991 Annual Report on Form 10-K. Footnote disclosures that substantially duplicate those in the Company's Annual Audited Report on Form 10-K, including significant accounting policies, have been omitted.

NOTE 2. Earnings Per Common Share.

Earnings per common share for the periods presented have been computed based upon the weighted average number of shares outstanding. The weighted average shares for the quarter ended March 31, 1991 has been restated to reflect the issuance of 305,287 common shares for the stock dividend in September 1991.

NOTE 3. Receivable from and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from and payable to brokers, dealers and clearing organizations result from the Company's normal trading and borrowing activities and consist of the following:

	December 31 1991	March 31 1991 (unaudited)	March 31 1992 (unaudited)
Receivable:			
Deposits paid for securities borrowed	$ 211,500	$ 333,600	$ 295,700
Securities failed to deliver	154,940	1,175,660	1,049,270
Correspondents	1,935,869	861,662	2,110,787
Net settlements with clearing organizations	1,276,698	846,207	94,603
Other	30,426	163,988	51,348
	$3,609,433	$3,381,117	$3,601,708

	December 31 1991	March 31 1991 (unaudited)	March 31 1992 (unaudited)
Payable:			
Securities failed to receive.....	$ 289,122	$ 863,065	$ 1,486,696
Correspondents.....	2,991,794	2,101,299	2,206,117
Omnibus accounts and net settlements with clearing organizations.....	24,572	-	451,496
	$ 3,311,488	$ 2,964,364	$ 4,143,709

"Fails" represent the contract value of securities which have not been received or delivered by the settlement date.

NOTE 4. Receivable From and Payable to Customers and Others

Amounts receivable from customers include amounts due on incomplete transactions and margin balances. Securities owned by customers are held as collateral for these receivables and are not reflected in the consolidated financial statements.

Included in amounts receivable from and payable to customers are amounts receivable from and payable to officers, directors and employees arising from individual security transactions entered into in the normal course of business. Such transactions are subject to the same regulations as customers' transactions.

NOTE 5. Adjustment.

OTRA Securities Group's major subsidiary, OTRA Clearing, Inc. ("OCI"), is consolidated in the quarterly financial information as of March 31 1991, and March 27, 1992, because it is the last settlement Friday of the month. OCI consistently treats the last settlement Friday of each month as its month end, accordingly this is reflected in the consolidated financials of the Company.

In the opinion of Management, all adjustments which are necessary to a fair statement of the results for the interim periods have been made.

NOTE 6. Contingent Liabilities

The Company has contingent liabilities, including pending lawsuits, and contractual commitments arising in the normal course of business, the settlement of which, in the opinion of management of the Company, will not have a material effect on the Company's financial position.